

EXHIBIT 4-N2

ADDITIONAL CONTRACTOR PAYROLL INFORMATION

PREPARATION OF PAYROLLS

Payrolls may be completed in dark lead #2 pencil, in pen or typed, but they must be legible. If typed, we suggest you make a “master” listing each employee, address, city, state, zip code and social security number. Reproduce from the “master” a payroll for each week ensuring each week of work is numbered sequentially. For those employees who did not work, all you have to do is draw a line through the entry by their names and write “no work.”

Of course, the Column headings would already be completed except for the week ending column and the date and days worked and the Payroll # space.

- a. Payrolls must be signed in ink. We will not accept payrolls signed in pencil or illegible payrolls that are difficult to read.
- b. We need payroll authorization forms completed for anyone signing and certifying accuracy of payrolls who is not an owner or officer of the company. We will not accept payrolls signed by an unauthorized person.
- c. Daily hours, total hours, basic rates, overtime rates, and gross amounts earned on our jobs must be shown separately from work performed on other jobs. We suggest you “circle” hours and amounts earned on our jobs; but you must indicate work on our job by stating on the bottom of the first payroll: “circled hours represent hours worked on HUD job.”

The gross and net amounts, in any case, must represent the check amount. In other words, if you’re paying by separate check for work performed on the HUD job – then it is not necessary to provide information about other work – but the check received by the employee must coincide with certified payrolls submitted to this office.

- d. Deductions must be identified; you must specify what each deduction is for. You cannot lump-sum deductions under “other”. We must ensure deductions are “authorized” such as – Insurance, Vacation, Health Benefits, etc. For other deductions such as “Union Dues” – Credit Union – Monetary advances and purchase of tools and deductions probated by the Courts, we require employee authorizations statements. A statement from each employee authorizes the deduction to be made for a specific purpose.
- e. Overtime: Overtime is earned at one and one-half times the basic hourly rate for each hour in excess of forty (40) hours in each week, and must be paid accordingly. ($BHR \times 1.5 = O/T \text{ Rate}$). Fringes are not included.

- f. Fringe Benefits: Fringe benefits must be paid for each hour worked. If the employee works forty-four (44) hours, he must be paid the fringe benefits shown in the wage determination for 44 hours, either cash, to plan or time.
- g. Computerized Payroll Forms: These are acceptable, but must contain the same information currently required by the Form WH-347 and/or WH-348. The WH-348 (Statement of Compliance) may, however, be attached when completed to the Computerized Payroll Form if desired.

PERMISSIBLE PAYROLL DEDUCTIONS

The following payroll deductions may be made without requesting approval:

- a. Any deductions made in compliance with the requirements of Federal State, or local law.

Examples: Federal withholding taxes
State withholding taxes
Federal Social Security taxes

- b. Any deduction of sums previously paid to the employee as a bona fide prepayment of wages when prepayment is made without discount or interest.

Examples: A "bona fide prepayment of wages" is considered to have been made only when cash or its equivalent has been advanced to the person employed in such manner as to give him complete freedom of disposition of advanced funds.

- c. Any deduction of amounts required by court process to be paid to another, unless the deduction is in favor of . . .

The contractor
The subcontractor
Any affiliated person

OR

When collusion or collaboration exists

- d. Any deduction constituting a contribution on behalf of the person employed to funds established by the employer, or representatives of the employer, or both for the purpose of providing (from principal, or income, or both) . . .

Medical or hospital care

Pensions or annuities on retirement
Death benefits
Compensation for injuries, illness, accidents, sickness, or disability

OR

For insurance for any of the foregoing
Unemployment benefits
Vacation pay
Savings accounts

OR

Similar payments for the benefit of employees, their families and dependents, so long as . . .

Law does not otherwise prohibit the deduction. It is . . .

- (1) Voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done.

AND

Such consent is not a condition either for the obtaining of or for the continuation of employment,

OR

- (2) Provided for in a bona fide collective bargaining agreement between the contractor or subcontractor and representatives of its employees.

No profit or other benefit is otherwise obtained, directly or indirectly, by the contractor or subcontractor or any affiliated person in the form of commission, dividend, or otherwise; and

The deductions shall serve the convenience and interest of employees.

- e. Any deduction contributing toward the purchase of United States Defense Stamps and Bonds when voluntarily authorized by the employee.
- f. Any deduction requested by the employee to enable him to repay loans to or to purchase shares in credit unions organized and operated in accordance with Federal and State credit union statutes.
- g. Any deduction voluntarily authorized by the employee for the making of contributions to governmental or quasi-governmental agencies, such as the American Red Cross.

- h. Any deduction voluntarily authorized by the employee for the making of contributions to Community Chests, United Givers Funds, and similar charitable organizations.
- i. Any deductions to pay regular union initiation fees and membership dues not including fines or special assessments: Provided, however, that a collective bargaining agreement between the contractor or subcontractor and representatives of its employees provides for such deductions and the deductions are not otherwise prohibited by law.
- j. Any deductions not more than for the “reasonable cost” of board, lodging or other facilities meeting the requirements of section 3(m) of the Fair Labor Standards Act of 1938, as amended, and part 531 of this title. When such a deduction is made the additional records required under section 516.27(a) of this title shall be kept.
- k. Any deduction for the cost of safety equipment of nominal value purchased by the employee as his own property for his personal protection in his work, such as safety shoes, safety glasses, safety gloves, and hard hats, if such equipment is not required by law to be furnished by the employer, if such a deduction is not violative of the Fair Labor Standards Act or prohibited by other law, if the cost on which the deduction is based does not exceed the actual cost to the employer where the equipment is purchased from him and does not include any direct or indirect monetary return to the employer where the equipment is purchased from a third person, and the deduction is either (1) voluntarily consented to by the employee in writing and in advance of the period in which the work is to be done and such consent is not a condition either for the obtaining of employment or its continuance; or (2) provided for in a bona fide collective bargaining agreement between the contractor or subcontractor and representatives of its employees.